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January 24, 2023  
Agenda Item No. 10a\_supp  
Meeting Date: January 24, 2023

Delegations of Responsibility and Authority

Port Audit Team Earlier Reviewed Port Delegation System

- 1.5 year scan of test data demonstrated the Port delegation system performed well and as designed with clear guidance documents being followed by staff.
- Audit also identified an efficiency opportunity in comparison to regional agencies.

AGENCY DELEGATION 5 YEAR CAPITAL BUDGET

King County No limit – within bi-annual budget \$5 B

City Seattle No limit – within bi-annual budget \$5.2 B

UW 15,000,000 \$3.7 B

Sound Transit 5,000,000 \$14 B\*

Port of Seattle 300,000 \$4.4 B^ plus SAMP in 10 -year horizon

NWSA 300,000 \$440 M

\*Per Sound Transit Development Plan (2020-2025) from 2019 Annual Report, adopted by the Board of Directors on September 24, 2020

^ Per 2022 Port Plan of Finance.

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3 YEAR SCAN – Commission Efficiency Opportunity

332 monetary items of 664 items over 65 meetings

\$4,500 100

Efficiency Opportunity:

\$4,000 80/20 Rule: Focus on the 90

94 Vital 20% for Commission

Action 80

\$3,500

8 3 \$ 3,700

70

\$3,000 72

60

\$2,500

50

\$2,000 47 47

40

\$1,500

2525

30

25 2323

23 24

\$1,000

20

12

\$500 19 17 8 8 9

9 10

5

6

0 \$42 \$149 \$230 \$95 \$108 0

0-1M 1M-2.5M 2.5M-5M 5M-7.5M 7.5M-10M >10M

Commission Approval Actions

\$ Value of actions Efficiency Opportunity Delegations in ED Remarks

Public Session Necessary

Raising ED Delegation Level from \$300k to \$ 5 - 10 mil increases efficiency

for Port operations, while allowing more commission time to focus on

policy, community impact, and high - cost programs

\$4,500 100

\$4,000 90  
94  
\$3,500 \$5 Million Level \$3.7 Bil 80  
83  
70  
\$3,000  
72  
60  
\$2,500 Recommend Options  
\$5, \$7.5, or \$10 mil 50  
\$2,000 Delegation 47 47  
40  
\$1,500  
30  
\$1,000 24  
20  
12  
\$500 10  
0 \$42 \$149 \$230 \$95 \$108 0  
0-1M 1M-2.5M 2.5M-5M 5M-7.5M 7.5M-10M >10M  
Commission Approval Actions  
\$ Value of actions

#### Inflation Erosion upon Delegation Threshold

The delegation was last updated 13 years ago in 2009 from \$200k to \$300k  
Port Delegations 2009 2021 – Purchasing Power Percentage Decrease  
All Delegations \$300,000 \$213,772 28.7%  
Capital Delegations \$300,000 \$158,242 47.3%  
Port Budgets 2009 Value 2022 Value Percentage Increase  
Operating Revenue \$486.4 million \$766.9 million 36.6%  
Expense Budget \$277.9 million \$499.1 million 44.3%  
74.6% (not including  
Capital 5-year forecast \$1.123 billion \$4.435 billion  
SAMP)

- Delegation buying power is down, while Port and its budgets are up. Situation is out of balance.
- Creates inefficiency and robs Commission and Leaders of valuable policy and strategy time.
- The new delegation provides: 1) efficiency, 2) transparency, 3) benefits for Commission, Executive Director, and Business Partners

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#### Illustrative View of Current ED \$300k Delegation

Current Equivalent Time the ED Can Run the Port  
Current Buying Power  
Average Spend per of 2009 \$300k Average Time ED  
Budget 2021 Value Business Days/ Year Business Hour Delegation Can Run the Port  
Expense \$423.4M 261 \$202,778 \$213,772 63 Minutes  
Capital \$536.6M 261 \$256,992 \$158,242 37 Minutes  
What Would Current Delegation be if ED Could Run the Port for a Whole Day?  
Delegation Level  
Budget 8 Hour Day Divide By Increase Factor Buying Power to Run 1 Day  
Expense 480 Minutes 63 7.6x \$213,772 \$1.6M  
Capital 480 Minutes 37 13x \$158,242 \$2.1M  
\$5 million Delegation will Allow Greater Effectiveness and Benefits for Commission and ED

#### Summary of Package of Amendments

- (1) To strike '\$10M' and to insert '\$5M' in its place.
- (2) To insert intent language into the Policy Directive – stating that in all areas where the Commission has spoken through Resolution, Policy Directive, or Order, and has expressed the clear intent to have specific subject matter brought before them in public session for action – those items will come to a Commission meeting regardless of dollar amount associated with the item.
- (3) Adding a new Section 3 to the Resolution providing for Executive

Director review of the processes and procedures at one year after implementation; AND Internal Audit Review of adherence to the delegation process within 4 years of passage of the resolution.

(4) Providing for Policy Directive Review by the Commission on a periodic regular basis.

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Benefits for Commission to Raising Delegation Level

- Eliminates clogging calendar by low priority Commission Action Items.
- Allows added time for the many competing pressures upon Commissioners.
- Allows more focus time for Commissioners on high priority issues such as: policy, strategy, business, community related items, workforce development, apprenticeship, WMBE and small business, transportation, community and social issues, etc.
- Increases time for Commissioner Committee work and areas of interest.
- Allows time for more in-depth check-in briefings for ongoing initiatives.

Benefits for ED and Port Staff

- Allows ED's budgeted priorities to receive more time and effort.
- Enables the ED, Executive Leaders, and Port employees to focus on the most vital issues.
- Century Agenda Goal to be Efficient Agency - Saves Time and Money
- 14,500 staff hours cost savings, or equivalent to 5-7 FTE's that can be redeployed to higher value work

Benefits to Business Partners and Community

- Saves up to 8-10 weeks of processing to get work out to the marketplace for certain small and large businesses and consultant partnerships

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Discussion

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